
Office of Private and Voluntary Cooperation (PVC)

ANNUAL REPORT

FY 2002



**Increased capacity of PVC's PVO partners
to achieve sustainable service delivery.**

MARCH 2002

The attached results information is from the FY 2002 Annual Report for the Office of Private and Voluntary Cooperation (PVC) and was assembled and analyzed by the PVC.

The Annual Report is a "pre-decisional" USAID document and does not reflect results of USAID budgetary reviews. Additional information on the attached can be obtained from Sue Parks DCHA/PPM.

Related document information can be obtained from:

USAID Development Experience Clearinghouse
1611 N. Kent Street, Suite 200
Arlington, VA 22209-2111
Telephone: 703-351-4006 Ext. 106
Fax: 703-351-4049
Email: docorder@dec.cdie.org
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Please Note:

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GLOSSARY

CDO	Cooperative Development Organization
DCHA	Bureau for Democracy, Conflict, and Humanitarian Assistance
DHS	National Health Statistics
MRR	Microenterprise Results Reporting
NGO	Non-governmental Organization
PVC	Office of Private and Voluntary Cooperation
PVO	Private Voluntary Organization

PART III: PERFORMANCE NARRATIVE

Strategic Objective (SO) and Number: Increased capacity of PVC's PVO partners to achieve sustainable service delivery. 963-001

Summary. Because PVC expected this objective to end in 2000, it did not establish 2001 performance targets. However, the development of PVC's new objectives was delayed and it continued to finance activities against this objective in 2001. It also continued to monitor progress against the objective's performance measures, as described and discussed below. As measured against past trends, the performance of this objective during 2001 met expectations.

Performance Assessment. At the SO level, PVC assesses the performance of this objective against three dimensions: (1) PVO institutional capacity, (2) effectiveness of PVO service delivery and (3) sustainability of PVO programs.

Institutional Capacity. The institutional capacity indicator for this objective is the percent of PVO grantees that have adopted new management systems or technical approaches as a result of an organizational assessment. During 2001, a relatively high number (78%) of PVO grantees conducted organizational assessments. Moreover, among those PVOs doing organizational assessments, there was a six percent increase over 2000 in the number of PVC recipients that made changes to their operational or technical practices as a result of doing an organizational capacity assessment. These are positive outcomes, but there has been a decline in the number of PVO grantees conducting organizational assessments. PVC believes this trend is due to the reduced level of organizational assessment training and technical assistance it was able to provide over the past two years.

	FY 1999	FY 2000	FY 2001
PVO grantees conducting organizational assessments over the life of the grant	96%	84%	78%
PVO grantees that made changes as a result of assessment:	91%	89%	95%
- Operational practices	72%	89%	79%
- Technical practices	69%	54%	78%

This objective has been particularly successful in encouraging PVOs to use consistent approaches to organizational assessments. Over the past five years, there been a steady increase in the number of PVOs using the Discussion-Oriented Self-Assessment approach developed by PVC in 1996. During 2001, 58% of PVO grantees used this approach. Another 40% used an alternate approach, Alternative Inquiry, promoted by PVC.

In addition, PVC has supported and promoted membership in networks as a powerful mechanism to foster organizational learning and change. Virtually all (95%) PVC grantees participate in US-based networks and a substantial number (76%) are part of country level networks. The percent of grantees that improved their technical practices, management systems or adopted new program innovations as a result of participation in networks has remained constant over the two years that PVC tracked this indicator. Approximately three-quarters of the PVOs reported making technical improvements or adopting program innovations as a result of network participation. A smaller number, (57%), report adoption of new or improved management practices or organizational systems.

Service Delivery. PVC assesses the effectiveness of PVO grantee service delivery. The effectiveness of these programs increased over 2001 as noted in the following highlights.

- PVO child survival programs continue to maintain performance in a variety of interventions and have achieved clear gains in the area of maternal immunization. A comparison of national health statistics (DHS) and PVO health survey data indicates that PVO health programs are having a major effect in increasing immunization coverage in areas where coverage is significantly lower than the national

average. It is estimated that in an average sized child survival project (110,000 beneficiaries) approximately 200 measles deaths are averted yearly. Increased coverage and scale of operation characterize the second stage of these programs. These programs continue to scale-up successful operations. For example, consortia of PVO grantees and their local partners doubled the number of beneficiaries covered by project services in Zambia and South Africa while the number of beneficiaries reached in Malawi tripled.

- PVO grantees are playing an important role in supporting decentralization. A sizeable proportion of the PVC-funded programs (56%) support government or private sector (cooperatives, etc.) to implement decentralized planning and management activities in the countries in which they work.
- PVC-funded microfinance programs assisted PVOs and their local partners to build the management and technical systems needed for organizational effectiveness and efficiency and to nurture the development of microenterprise activities of PVOs new to the field. Over a five-year period, strengthened organizational capacity resulted in a 36% increase in the average number of borrowers per institution; the number of women clients increased 15%.

Sustainability. The objective's measure of sustainability is the ability of PVC's microfinance grantees to cover the financial and operational costs of their programs. Financial and operational sustainability are key indicators of the long-term financial viability of microfinance institutions. PVC supported microfinance institutions have made significant progress in these areas. There has been a steady increase in the number of microfinance PVOs that attained full financial sustainability. In addition, in 1996, only 19% of PVC microfinance institutions were either financially or operationally sustainable. In 2000, over 36% of such institutions had achieved either financial or operational sustainability.

While an organization's ability to cover all of its costs is the ultimate measure of sustainability, PVC has realized that achieving this goal rests on a number of other factors and has been monitoring PVO grantee performance against these factors as well. 2001 achievements related to these factors include:

- **Sustainability Planning.** PVO commitment to addressing the sustainability of programs has steadily increased. In 1998 approximately 40% of the child survival applications had acceptable sustainability plans as compared to 2001 where 70% of the child survival programs had sustainability objectives.
- **Policy Advocacy.** Increasingly, PVOs have recognized the importance of policy advocacy to the sustainability and effectiveness of their programs. During 2001, the percentage of PVO grantees engaged in policy advocacy increased by 20% over 2000 (57% versus 37% respectively).
- **Local Partners.** Working with and building the capacity of local partners is also an important aspect of sustainability. The number of PVOs partnering with local NGOs has steadily increased from 53% in 1997 to 76% in 2001. And, in 2001, 98% of PVO grantees are implementing plans to strengthen their local partners.
- **Building Private Alliances.** To increase the prospects for sustainability, PVOs have increasingly sought private sector investments in their development activities. In 2001 29% of the grantees reported that they had built alliances with the private-for-profit or commercial organizations at the country level, as compared to 17% in 2000.

Beneficiaries. The primary beneficiaries of PVC funded programs are local non-governmental organizations and cooperatives, local and regional governments that receive assistance to strengthen their planning capacities as partners of PVO grantees, community organizations, vulnerable households and children at risk. More specifically, DHS data indicate that child survival PVO grantee projects tend to be located in areas where health indicators are worst and the need is greatest. Moreover, approximately 80% of those countries in which PVO grantees implement projects are rated as being at risk from natural or manmade crises and instability.

Resource Allocation Decisions. The key factor determining resource allocations under this objective is the relative quality of the applications submitted in response to PVC's annual RFA solicitation. Cooperative agreements are awarded on a competitive basis reflecting, thereby, the performance judgements of the technical reviewers. Initial funding is provided for a period of 18 to 24 months and incremental funding is provided thereafter for the duration of individual agreements. Overall funding levels for the objective are determined through DCHA's and the Agency's annual budget review and approval process.

Challenges. This is a mature objective in its final year of implementation. There are no significant challenges to be addressed with regard to this objective.

PART IV: PERFORMANCE DATA TABLES and RESULTS FRAMEWORKS

Table 1: SO1 Performance Indicator 3

Objective name: SO 1.3 : Change in key measures of Child Survival Performance				
Objective ID: 963-001-01				
Approved:		Country/Organization: Private and Voluntary Cooperation		
Result name:				
Indicator: Proportion of the problem eliminated by the program (Johns Hopkins University Methods Paper)				
Unit of Measurement: (See comments section)				
Source: ‘Highlights of 1998-1999 Child Survival Grants Program Review	Year	Key Measure	Planned	Actual
Indicator Definition: Proportion of the problem eliminated by the program. Criteria: Child immunization from children age 12-23 mo.; mothers of children age 0-23 month who received at least 2 TT vaccinations before the birth of their youngest child and the % of infants being exclusively breastfed for either 4 t 6 months depending on the projects Comments: The performance index describes “the proportion of the problem eliminated by the program”. The performance index illustrates the percentage of coverage achieved in comparison to what can be maximally achieved. In practical terms, the performance index is the difference between the final evaluation results and the baseline value for an indicator divided by 100 minus the baseline value. If the baseline is 80% coverage of immunization, for example, then the maximum a project can achieve is 100 minus 80%, which is 20%. If the project has achieved a coverage of 90% at the end of the project measure, the performance index would be 10% divided by 20%, i.e., 50% is the performance index. A performance index is calculated across all projects reviewed which finished in a given year. Three-year means are then calculated to stabilize distributions. Comments 2002: Data from all projects ending in 2001 are not included; Sample size 16 PVO projects.	1994-1996 (3 –Year Mean)	Childhood Immunization	----	35%
		Maternal Tetanus Immunization	----	13%
		Exclusive Breast-feeding	----	30%
	1997-1999 (3 Year Mean)	Childhood Immunization	35%	34%
		Maternal Tetanus Immunization	19%	35%
		Exclusive Breast-feeding	35%	29%
	1999-2002 (3 year Mean)	Childhood Immunization		33%
		Maternal Tetanus Immunization		36%
		Exclusive Breast-feeding		24%

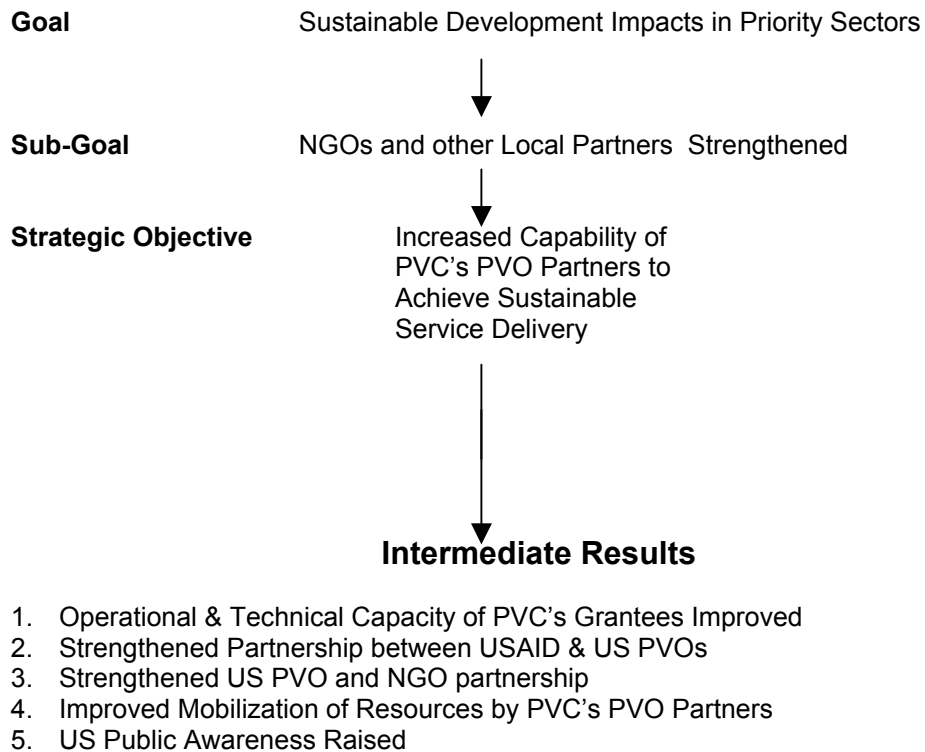
Table 1: SO1 Performance Indicator 4

Objective Name: Strategic Objective 1.4 : Change in key microenterprise measures of performance				
Objective ID: 963-001-01				
Approved:		Country Organization: Private and Voluntary Cooperation		
Indicator: Change in key microenterprise measures of performance				
Unit of Measure: 1) Number of loans disbursed to target groups, 2) Amount (dollar) of loans disbursed to target groups, 3) Percentage loans made to women borrowers	Year	Measure	Planned	Actual
Source: Microenterprise Results Reporting (MRR) system, Office of Microenterprise Development. The baseline data is 1996.	1996 (B)	Number loans	-	313,711
		Avg. no of loans		6,536
		Amount loans	-	110,011,277
		Avg. per institution		2.3 million
		% Women borrowers	-	75%
Indicator Definition: Measures the change in PVO service delivery capacity. Comments: In FY 2001, the SO Indicators were changed to include the average number of borrowers (loans) and the average active (outstanding) loan portfolio. This data has been included for 1996-2000. The actual data reported previously has been revised to incorporate data from an independent analysis of PVC's microenterprise portfolio. Multiple partners (Missions and Global) contribute to the achievement of these results.	1997	Number loans	400,000	420,106
		Avg. no of loans		7,927
		Amount loans	133 million	150 million
		Avg. per institution		2.8 million
		% Women borrowers	70%	71%
	1998	Number loans	500,000	528,976
		Avg. no of loans		8,816
		Amount loans	153 million	178 million
		Avg. per institution		3 million
		% Women borrowers	70%	74%
	1999	Number loans	600,000	435,053
		Avg. no of loans		9,888
		Amount loans	176 Million	164 million
		Avg. per institution		3.7 million
		% Women borrowers	70%	76%
	2000	Number loans	700,000	510,895
		Avg. no of loans		8,809
		Amount loans	203 Million	143 million
		Avg. per institution		2.5 million
		% Women borrowers	≥75%	86%

Table 2: SO1 Performance Indicator 5

Objective Name: SO 1.5: Percent change in key measures of Microenterprise sustainability				
Objective ID: 963-001-01				
Approved:		Country Organization: Private and Voluntary Cooperation		
Indicator: <u>Operational sustainability</u> is defined as the capacity of a financial institution to cover all its operating costs with its own revenues without subsidy. <u>Financial sustainability</u> is defined as the capacity of a financial institution to cover all of its financial and operational costs by the revenues from interests and fees.				
Unit of Measurement: Percent microenterprise institutions/activities which achieved operational sustainability.	Year	Key Measure	Planned	Actual
	1996 (B)	Operational sustainability	-	13%
		Financial sustainability	-	6%
Source: 1) MRR system, Office of Microenterprise Development. 1996 year data is baseline. Data reported in R4 is prior years data. PVC tracks both financial and operational sustainability, but full financial sustainability is the primary program objective.	1997	Operational sustainability	15%	8%
		Financial sustainability	62%	9%
	1998	Operational sustainability	15%	22%
		Financial sustainability	62%	12%
	1999	Operational sustainability	15%	5%
		Financial sustainability	62%	25%
Indicator Definition: Measures change in sustainability and community willingness to support services. Financial input at the local level includes user fee, income generation, fund raising, voluntary community contributions. An organization that has achieved financial sustainability is not counted in the operational sustainability. Comment: Multiple partners contribute to the achievement of these results.	2000	Operational sustainability	15%	9%
		Financial sustainability	TBD	28%

RESULTS FRAMEWORK



INDICATORS

SO level Indicators

1. Percent of PVC's Partners that adopt new management systems and/or technical approach and innovations
2. Percent of network member that adopt new management systems and technical approaches as a result of membership in PVC funded networks
3. Change in key measures of child survival program performance
4. Change in key microfinance measures of performance
5. Percent of microfinance programs that are operationally and financially sustainable
6. Percent of programs that achieve post-grant sustainability

IR level Indicators

- IR1 Operational & Technical Capacity of PVC's Grantees Improved
 - 1.1 Percent of PVOs that develop quality program plans
 - 1.2 Percent of PVOs that adopt a systematic approach to program monitoring and impact evaluation
- IR2 Strengthened Partnership between USAID & US PVOs
 - 2.1 Percent of USAID program funds channeled through US PVOs
- IR3 Strengthened US PVO and NGO partnership
 - 3.1 Percent of PVC grants where there has been a clear transfer of resources by the PVOs to local level partners
- IR4 Improved Mobilization of Resources by PVC's PVO Partners
 - 4.1.1 Percent of PVC grantees with a diversified funding base
- IR5 US Public Awareness Raised
 - 5.1 Percent of PVC grantees that measure changes in the awareness and understanding of US audiences of the importance's of global sustainable development

PART VII: ENVIRONMENT COMPLIANCE

PVC plans to complete a new office strategic plan in FY 2002 focused on building the capacity of non-governmental organizations in countries receiving USAID assistance or U.S. private voluntary organizations providing assistance to countries and in sectors of priority to USAID. As part of its plan, PVC will submit IEEs for its new strategic objectives. However, it anticipates a categorical exclusion under CFR Section 216.2(c)(2)(xiii) which exempts "Matching, general support and institutional support grants provided to private voluntary organizations to assist in financing programs where A.I.D.'s objective in providing such financing does not require knowledge of or control over the details of specific activities conducted by the PVO."

Compliance. PVC believes its ongoing strategic objective is in compliance with its IEE.